

Message Text

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ACTION AF-18

INFO OCT-01 NEA-10 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 AEC-11 CEA-02

DODE-00 FEA-02 FPC-01 H-03 INT-08 L-03 NSC-07 PM-07

SAM-01 SCI-06 SS-20 STR-08 IGA-02 AGR-20 PA-04 PRS-01

USIA-15 DRC-01 /227 W

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R 180856Z MAR 74

FM AMEMBASSY LUSAKA

TO SECSTATE WASHDC 9889

INFO AMEMBASSY BLANTYRE

AMEMBASSY DAR ES SALAAM

AMEMBASSY GABORONE

AMEMBASSY JIDDA

AMEMBASSY MBABANE

AMCONSUL LUBUMBASHI

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NOFORN

EO 11652: GDS

TAGS: ENGR, ZA

SUBJECT: ENERGY CRISIS-ZAMBIAN POL CONSUMPTION

REF: LUSAKA 0384 (NOTAL)

1. LOCAL OIL IMPORTERS (SHELL-BP AND AGIP) AND BANK OF ZAMBIA
OFFICIALS HAVE PROVIDED IN CONFIDENCE FOLLOWING FIGURES CURRENTLY
SERVING AS BASIS FOR ZAMBIAN ESTIMATES 1974 PETROLUEM CON-
SUMPTION (PARA ONE REFTEL): A) REQUIREMENTS. CRUDE COCKTAIL
NEEDS LIKELY RUN BETWEEN 834,000 METRIC TONS (M/T) AND 920,000
M/T. COMPANIES BELIEVE HIGHER FIGURE MORE REASONABLE GIVEN
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WASTAGE, NEW ROAD TRANSPORT, ETC., BUT GRZ FINANCING PLANS

CURRENTLY BASED ON 834,000 TONS. CONVERSION FACTOR 7.5 BAR-RELS PER METRIC TON USED BY OIL COMPANIES. B) PRICE. ZAMBIA NOW (MAR 74) PURCHASING CRUDE COCKTAIL AT AVERAGE PRICE DOLS 11.72 PER BARREL (P/BBL) FOB PERSIAN GULF. (AGIP CURRENTLY PAYING DOLS 12.00 P/BBL, SHELL-BP 9.20 P/BBL. SPECIAL CONTINGENCY COMMITTEE STAFF MEMBER TOLD EMB TALKS IN PROGRESS WITH SAUDI ARABIA, BUT NO DEAL NEAR; SAUDIS STICKING TO MINIMUM OF DOLS 11.00 P/BBL.) TRANSPORT COST TO DAR APPROX. DOLS 3.00 P/BBL; PIPELINE COST DOLS 2.13 P/BBL. (SHELL-BP HEAD REGARDS PIPELINE CHARGE AS VERY REASONABLE BASED ON HIS EXPERIENCE WITH OTHER PIPELINES.) ADDITION OF LOCAL REFINERY CHARGES AND INCIDENTALS GIVE EXPECTED AFTER-PROCESSING COST P/BBL OF DOLS 17.98. C) TOTAL ZAMBIAN 1974 PROCESSED PETROLEUM BILL (EXCLUDING IMPORTED LUBRICANTS AND AVIATION GAS) USING ABOVE PARAMETERS LIKELY RANGE BETWEEN DOLS 112.5 MILLION AND 124.1 MILLION AS OPPOSED 1973'S DOLS 56.2 MILLION. BANK OF ZAMBIA, USING OWN LOWER CONSERVATIVE FIGURES, ESTIMATES INCREASE OVER 1973 AT DOLS. 46.6 MILLION. D) SITUATION ON LUBRICANTS, AVIATION GAS MORE UNCERTAIN BECAUSE OF CURRENT AND PROJECTED EXTREME FLUCTUATIONS IN PRICE/AVAILABILITY. OIL COMPANIES REGARD ADDITIONAL DOLS 15 MILLION AS MINIMUM INCREASE FOR SPECIAL PRODUCTS; BANK OF ZAMBIA ESTIMATING 14 MILLION. TOTAL COST EXPECTED RANGE BETWEEN DOLS 21-24 MILLION.

2. SPECTRE CURRENTLY HAUNTING OIL COMPANIES IS OPERATING LOSS EXPECTED IF GOVT MAINTAINS PRESENT RETAIL PRICE STRUCTURE (24.6 CENTS PER LITRE FOR GASOLINE, 15 CENTS PER LITRE FOR DIESEL FUEL). SHELL ESTIMATES ITS MONTHLY LOSS WILL BE DOLS 1.9 MILLION UNDER CURRENT PRICES. BOTH SHELL-BP AND AGIP CONSIDER GOVERNMENT ACTION TO INCREASE CONSUMER PRICES BY ABOUT 30 PERCENT OR INTRODUCE PRODUCTION SUBSIDY IMPERATIVE BY NEXT MONTH WHEN HIGH-PRICE OIL WILL MAKE UP BULK OF REFINERY OUTPUT. SHELL-BP HAS INDICATED IT WILL NOT CONTINUE OPERATIONS BEYOND ONE-TWO MONTHS IF RELIEF NOT FORTHCOMING.

3. COMPANIES ALSO CONFIRMED HEATED STRUGGLE WITHIN GRZ FOR PAST MONTH OVER WHO WILL SUPERVISE MANAGEMENT OF ENERGY PROBLEM. ISSUE REPORTEDLY NOW SETTLED BY PRESIDENT IN FAVOR MIN POWER, TRANSPORT, AND WORKS AXON SOKO, WHO SCHEDULED TAKE OVER ENERGY MANAGEMENT RESPONSIBILITY FROM MIN MINES AND INDUSTRY KASHITA

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APRIL 1 ON OCCASION FORMATION ZAMBIAN NATIONAL ENERGY CORPORATION (ZNEC), PARASTATAL BODY WHICH WILL CONTROL FORMERLY INDECO-RUN COMPANIES SHELL-BP, AGIP, INDENI REFINERY, TAZAMA PIPELINE, PLUS HERETOFORE AUTONOMOUS ZAMBIA ELECTRICITY SUPPLY COMPANY.

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